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ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 NEA-10 IO-13 H-03 L-03 PRS-01

PA-03 USIA-15 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

AGR-20 DRC-01 /192 W

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P R 240858Z SEP 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 8179

INFO AMEMBASSY SEOUL

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 12/31/73

TAGS: EAID, EFIN, KS

SUBJECT: PROPOSED ADB TECHNICAL ASSISTANCE GRANT FOR
NAMGANG-IMJIN AREA DEVELOPMENT PROJECTS (KOREA)

SUMMARY ADB MANAGEMENT PROPOSES \$230,000 EQUIVALENT
TECHNICAL ASSISTANCE GRANT TO REPUBLIC OF KOREA TO
FINANCE FOREX COST OF EXAMINING AND ASSESSING TECHNICAL
AND ECONOMIC SOUNDNESS OF PROPOSED NAMGANG-IMJIN AREA
DEVELOPMENT PROJECTS IN CONTEXT OF KOREAN
AGRICULTURAL DEVELOPMENT AND SAE MAEUL MOVEMENT
(I.E. NEW COMMUNITY DEVELOPMENT PROGRAM). USADB
RECOMMENDS FAVORABLE NAC ACTION. END SUMMARY.

1. ADB DOC R75-73 WITH ATTACHMENTS DESCRIBING PROPOSED
GRANT POUCHED ADDEES SEPT 20. BOARD CONSIDERATION
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SCHEDULED OCT 16.

2. ADB MANAGEMENT PROPOSING \$230,000 EQUIVALENT TECHNICAL ASSISTANCE (TA) GRANT TO REPUBLIC OF KOREA. PROCEEDS WILL FINANCE FOREXT COST OF CONSULTANT SERVICES TO EXAMINE AND ASSESS TECHNICAL AND ECONOMIC SOUNDNESS OF PROPOSED NAMGANG-IMJIN AREA DEVELOPMENT PROJECTS IN CONTEXT OF KOREAN AGRICULTURAL DEVELOPMENT AND SAE MAEUL MOVEMENT (PARA 4 BELOW) WITH PARTICULAR EMPHASIS ON SOCIO-ECONOMIC BENEFITS, AND TO PREPARE FEASIBILITY REPORT FOR BANK CONSIDERATION. IF LOAN PROJECT IS SUBSEQUENTLY FORMULATED AND BANK LOAN APPROVED, AMOUNT OF TA EXCEEDING \$100,000 WOULD BE INCORPORATED IN SUCH LOAN. FARMLAND BUREAU, MINISTRY OF AGRICULTURE AND FISHERIES (MAF), TO BE EXECUTING AGENCY FOR PROPOSED TA.

3. ALTHOUGH KOREA'S GNP GREW BY AVERAGE OF 10.2 PERCENT PER ANNUM DURING 1965-1972, AGRICULTURAL GROWTH WAS ONLY 3.6 PERCENT PER ANNUM. AT SAME TIME, RAPID URBANIZATION RESULTED IN UNEQUAL INCOME DISTRIBUTION BETWEEN CITIES AND RURAL AREAS, AND MIGRATION TO URBAN AREAS HAS BECOME SERIOUS SOCIAL PROBLEM.

4. IN LATE 1971, GOVT LAUNCHED NEW NATIONWIDE COMMUNITY DEVELOPMENT PROGRAM CALLED SAE MAEUL MOVEMENT, WHICH INCLUDES BOTH SOCIAL AND ECONOMIC ASPECTS OF DEVELOPMENT IN RURAL AREAS. TO ACCELERATE AGRICULTURAL DEVELOPMENT IN CONTEXT OF THIS MOVEMENT, GOVT HAS IDENTIFIED ELEVEN LARGE-SCALE IRRIGATION DISTRICTS THROUGHOUT COUNTRY AND FOUR WATERSHED DEVELOPMENT REGIONS IN NAKDONG RIVER BASIN, AND REQUESTED ASSISTANCE FROM BANK IN FORMULATING AN AREA DEVELOPMENT PROJECT, INCLUDING AGRICULTURAL AND COMMUNITY DEVELOPMENT, WITHIN A FEW SELECTED AREAS. AFTER DISCUSSIONS AND SEVERAL FIELD SURVEYS, BANK MISSION IDENTIFIED TWO AREAS FROM GOVT LIST: NAMGANG WATERSHED DEVELOPMENT REGION IN NAKDONG RIVER BASIN IN SOUTH AND IMJIN LARGE-SCALE IRRIGATION DISTRICT TO NORTH OF SEOUL CITY. BOTH AREAS NEED LAND AND WATER RESOURCES DEVELOPMENT. IN ORDER TO OPTIMIZE ECONOMIC AND SOCIAL DEVELOPMENT POTENTIALS, BOTH REQUIRE INTENSIVE ANALYSIS AND INTEGRATION IN AGRICULTURE AND INFRASTRUCTURE. LIMITED OFFICIAL USE

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5. PROPOSED FEASIBILITY STUDY WILL COVER FOLLOWING ASPECTS:

A. INFRASTRUCTURE DEVELOPMENT INCLUDING FLOOD PROTECTION, EROSION CONTROL, IRRIGATION, DRAINAGE, ROAD NETWORKS AND ARABLE LAND RECLAMATION;

B. AGRICULTURAL DEVELOPMENT INCLUDING REARRANGEMENT

OF PADDY LANDS, DEVELOPMENT OF UPLAND CROPS, HORTICULTURE, PASTURE AND LIVESTOCK DEVELOPMENT, REFORESTATION, PROVISION OF FISH PONDS, AGRI-BUSINESS, INPUT SUPPLY, COOPERATIVES, CREDIT, LAND TENURE, FARM MECHANIZATION, MARKETING, PROCESSING AND STORAGE FACILITIES; AND

C. SOCIAL INFRASTRUCTURE INCLUDING COMMUNITY WATER SUPPLY, RURAL ELECTRIFICATION, MEDICAL CLINICS, AND OTHER COMMUNITY DEVELOPMENT ACTIVITIES.

6. FOREIGN EXPERT TEAM OF CONSULTANTS TO BE ENGAGED CONSISTING OF IRRIGATION PLANNER, AREA DEVELOPMENT PLANNER, AGRI-BUSINESS EXPERT, OPERATIONAL SOCIOLOGIST AND LIVESTOCK-PASTURE EXPERT, AND WILL BE RECRUITED IN ACCORDANCE WITH BANK'S GUIDELINES ON USES OF CONSULTANTS. IF NEED ARISES, SHORT-TERM EXPERTS WILL BE RECRUITED TO ASSIST. MAXIMUM USE TO BE MADE OF AVAILABLE EXPERTISE IN KOREA. STUDY EXPECTED TO BE STARTED IN JAN 1974 AND COMPLETED IN SIX MONTHS FOR IMJIN DISTRICT AND ELEVEN MONTHS FOR NAMGANG REGION, REQUIRING 36 MAN MONTHS OF EXPERTS' SERVICES.

7. TOTAL COST OF ASSISTANCE ESTIMATED AT \$700,000, OF WHICH \$230,000 IS FOREIGN EXCHANGE COMPONENT TO BE COVERED BY BANK GRANT AND \$470,000 ESTIMATED FOR LOCAL COST COUNTER-PART SERVICES. FARM BUREAU, MAF, WILL BE EXECUTING AGENCY. MORE THAN THIRTY OF ITS PERSONNEL HAVE BEEN WORKING WITH UNDP/FAO KOREAN UPLAND DEVELOPMENT AND WATER-SHED MANAGEMENT PROJECT OFFICE FOR SIX YEARS, AND THEIR EXPERIENCE CAN BE UTILIZED FOR PROJECT FORMULATION OF NAMGANG REGION. IN IMJIN DISTRICT, MAF WILL USE PERSONNEL FROM AGRICULTURAL DEVELOPMENT CORP, A QUASI-GOVT ORGANIZATION WITH WIDE ENGINEERING EXPERIENCE IN IRRIGATION PROJECTS BOTH IN KOREA AND OVERSEAS.
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8. BOTH NAMGANG REGION AND IMJIN DISTRICT HAVE HIGH PRIORITY IN GOVT AREA DEVELOPMENT PROGRAM, HAVE HIGH POTENTIAL FOR GROWTH, ESPECIALLY IN INCREASING FOOD PRODUCTION AND FARM INCOMES, AND COULD RESULT IN SUBSTANTIAL ECONOMIC AND SOCIAL BENEFITS IN RURAL AREAS. USADB SUPPORTS PROPOSAL AND RECOMMENDS FAVORABLE NAC ACTION.

9. REQUEST SEOUL'S COMMENTS FOR NAC AGENCIES, INFO USADB MANILA, PURSUANT TO STATE 119795 DTD 3 JUL 1972.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL DEVELOPMENT, TECHNICAL ASSISTANCE GRANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: collinp0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MANILA10844
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730915/aaaaakxh.tel
Line Count: 165
Locator: TEXT ON-LINE
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: collinp0
Review Comment: n/a
Review Content Flags:
Review Date: 04 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04-Dec-2001 by kelleyw0>; APPROVED <04 MAR 2002 by collinp0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROPOSEED ADB TECHNICAL ASSISTANCE GRANT FOR NAMGANG-IMJIN AREA DEVELOPMENT PROJECTS (KOREA)
TAGS: EAID, EFIN, KS, US, ADB-1
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005